

STATE OF IDAHO TAX UPDATE

VOLUME THIRTEEN – NUMBER THREE

SEPTEMBER 2001



This issue of Tax Update deals mainly with new tax laws. You can review the actual House bills at www3.state.id.us/oasis/minidata.html. If you have questions about the material here, or if you need more information, contact any Idaho State Tax Commission office listed on the back of this newsletter.

NEW TAX LAWS

Electronic Filers Get \$2 Credit



Beginning January 1, taxpayers who file returns electronically can claim a \$2 credit against the tax owed on the return. Currently, withholding, individual income tax, sales and use tax, and fuel distributor returns

can be filed electronically. For more information on e-filing, visit our Web page at www2.state.id.us/tax/filing.htm.

The \$2 e-file credit can be used only to pay tax due on the electronically filed return. Returns filed with tax due of less than \$2 receive the credit up to the amount of tax owed. (HB 112, effective January 1, 2002)

Capital Gains Deduction Increases for 2001

For tax year 2001, the Idaho legislature increased the capital gains deduction to 80%. The deduction claimed on 2001 income tax returns will be 80% of the net capital gain from the sale of qualifying Idaho property. In tax year 2002, the deduction will return to 60%.

Idaho's capital gains deduction applies only to real property held for at least 18 months, certain tangible

personal property held in Idaho for at least a year by certain "revenue producing" businesses, timber held for at least 24 months, and some livestock of farmers and ranchers. Gains from the sale of stocks and other intangibles do not qualify. For more information on Idaho's capital gains deduction, see Idaho Code Section 63-3022H. (HB 87, effective January 1, 2001)

Agricultural Equipment Exemption Adopted

There is a new property tax exemption for machinery and equipment used exclusively in agriculture. The exemption applies only to machinery and equipment used to: (1) produce field crops, (2) graze, feed, or raise livestock, or (3) feed or raise fur bearing animals, fish, fowl, or bees.

If the machinery or equipment is used for anything else, it is taxable and must be reported to the county assessor. Buildings are not eligible. For more information, see Idaho Code, section 63-602EE. (HB 378, effective January 1, 2001)

Individuals Not Required to Use EFT

Business tax payments of \$100,000 or more must be submitted using electronic funds transfer (EFT). Individuals paying personal income taxes, regardless of the amount, no longer are required to use EFT but may do so if they wish. (HB 148, effective January 1, 2001)

Youth Agency Gets Tax Credit

Gem Youth Services and its foundations have been added to the list of non-profits that qualify donors for an Idaho income tax credit. The maximum tax credit for contributions made to qualifying charities is \$100 for individuals and \$500 for corporations. (House Bill 149, effective January 1, 2001)

Grocery Credit Changes

There is a \$5 increase in the amount full-year residents can claim for the Idaho Grocery Credit when they file an individual income tax return for 2001. The amount increases from \$15 to \$20 for most taxpayers, and from \$30 to \$35 for full-year residents over 65. Part-year residents are allowed a partial credit for the months they lived in Idaho. (HB 377, effective January 1, 2001)

Two Health Insurance Deductions Added

A new law allows individuals to deduct medical care insurance premiums they pay for themselves, their spouses or dependents, as long as the premiums have not been deducted elsewhere on their Idaho or federal return. Examples include health, dental, visual, hospital confinement, specific disease, accident-only, and credit insurance policies. (HB 377, effective January 1, 2001)

Also, a new deduction is available for taxpayers who buy long-term care insurance for themselves, their dependents, or their employees. The deduc-

tion allowed is 50% of the qualified long-term care insurance premiums. To qualify, the long-term care insurance must cover at least one year of care in a facility other than an acute care unit of a hospital. (HB 312, effective January 1, 2001)



**Are You Filing
Your Business Tax
Returns Electronically?**
For information, call us or
visit our Web site at
www2.state.id.us/tax/filing.htm

Sales Tax, Withholding Returns Get Facelift

Notice a difference in the appearance of your sales tax and withholding returns? In addition to new perforated paper, monthly forms are "water-marked" with the tax-reporting period for easier identification.

The improved forms are part of the Tax Commission's computer technology update. The up-to-date computer system will also help us provide taxpayers with more meaningful, customized information.

Where To Get Information

If you would like to know more about Idaho state taxes, call the Idaho State Tax Commission toll free at 1-800-972-7660 or contact any of the offices listed below:

Boise

800 Park Blvd., Plaza IV
(208) 334-7660

Pocatello

611 Wilson St., Suite 5
(208) 236-6244

Twin Falls

1038 Blue Lakes Blvd. N, Suite C
(208) 736-3040

Coeur d'Alene

1910 Northwest Blvd.,
Suite 100
(208) 769-1500

Lewiston

1118 F Street
(208) 799-3491

Idaho Falls

150 Shoup Ave., Suite 16
(208) 525-7116



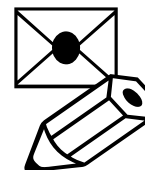
HEARING IMPAIRED CALLERS:

Use the Idaho Relay Service (1-800-377-3529)
to reach any Tax Commission office listed above.

Costs associated with this publication are available from the Idaho State Tax Commission
in accordance with Section 60-202, Idaho Code.

TAX UPDATE is published quarterly and mailed to all sales and use tax account holders with their tax return forms. Unless otherwise noted, information in TAX UPDATE applies only to Idaho taxes. This newsletter is designed to provide general information only, and is not intended to offer comprehensive explanations of Idaho tax laws and rules. Specific questions should be addressed to the nearest State Tax Commission office. Comments about TAX UPDATE and suggestions for future issues should be sent to:

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Public Information Office
State Tax Commission
P.O. Box 36
Boise, ID 83722



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This issue of Tax Update deals mainly with:
MORE NEW TAX LAWS

IDAHO STATE TAX COMMISSION

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